
CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.

FINANCIAL STATEMENTS
JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 15 2012**



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CATHOLIC CHARITIES OF THE DIOCESE OF
BATON ROUGE, INC.

FINANCIAL STATEMENTS
JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the statement of financial position of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) as of June 30, 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CCDBR's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCDBR's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCDBR as of June 30, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2011, on our consideration of CCDBR's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of expenditures by program on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 23, 2011

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 784,553
Cash and cash equivalents - restricted	2,275,844
Certificate of deposit - unrestricted	11,268
Certificate of deposit - restricted	53,655
Grants receivable	666,943
Unconditional promises to give - United Way	
Services funding for the next fiscal year	335,000
Other current assets	2,161
Total current assets	<u>4,129,424</u>

OTHER ASSETS

Property, furniture and equipment - net	<u>1,898,028</u>
Total assets	<u><u>\$ 6,027,452</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 234,553
Accrued expenses	247,608
Due to United States Conference of Catholic Bishops	5,500
Current portion of notes payable to Catholic Diocese of Baton Rouge	5,049
Total current liabilities	<u>492,710</u>

OTHER LIABILITIES

Non-current portion of notes payable to Catholic Diocese of Baton Rouge	33,608
Non-current portion of notes payable to Office of Community Development	136,000
Total other liabilities	<u>169,608</u>
Total liabilities	<u>662,318</u>

NET ASSETS

Unrestricted	3,035,635
Temporarily restricted	2,275,844
Permanently restricted	53,655
Total net assets	<u>5,365,134</u>
Total liabilities and net assets	<u><u>\$ 6,027,452</u></u>

The accompanying notes are an integral part of this financial statement

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES</u>				
United Way Contributions	\$ 387,413	\$ -	\$ -	\$ 387,413
Other Contributions	285,230	-	-	285,230
Federal and state contracts	4,127,289	-	-	4,127,289
Catholic Diocese of Baton Rouge	1,159,484	-	-	1,159,484
Fee income	317,982	-	-	317,982
Interest income	6,748	-	-	6,748
Disaster response and emergency assistance grant income	-	3,191,888	-	3,191,888
Other income	111,407	-	-	111,407
Net assets released from donor restrictions:				
Satisfaction of program restrictions	2,018,581	(2,018,581)	-	-
Total revenues	<u>8,414,134</u>	<u>1,173,307</u>	<u>-</u>	<u>9,587,441</u>
<u>EXPENSES</u>				
Program services	7,250,747	-	-	7,250,747
Management and general	954,763	-	-	954,763
Fundraising	2,786	-	-	2,786
Total expenses	<u>8,208,296</u>	<u>-</u>	<u>-</u>	<u>8,208,296</u>
<u>CHANGE IN NET ASSETS</u>	205,838	1,173,307	-	1,379,145
<u>BALANCE AT JUNE 30, 2010</u>	<u>2,829,797</u>	<u>1,102,537</u>	<u>53,655</u>	<u>3,985,989</u>
<u>BALANCE AT JUNE 30, 2011</u>	<u>\$ 3,035,635</u>	<u>\$ 2,275,844</u>	<u>\$ 53,655</u>	<u>\$ 5,365,134</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Specific assistance to individuals	\$ 2,189,239	\$ -	\$ -	\$ 2,189,239
Other salaries and wages	2,695,619	568,011	-	3,263,630
Pension plan contributions	164,141	15,677	-	179,818
Other employee benefits	309,973	13,471	-	323,444
Payroll taxes	197,949	32,341	-	230,290
Fundraising expenses	-	-	2,786	2,786
Accounting and other professional fees	-	91,350	-	91,350
Supplies	42,987	6,232	-	49,219
Telephone	152,599	611	-	153,210
Postage and shipping	16,162	-	-	16,162
Occupancy	393,068	-	-	393,068
Equipment rental and maintenance	164,769	45	-	164,814
Printing and publications	30,241	-	-	30,241
Travel	120,763	1,617	-	122,380
Conferences, conventions, and meetings	22,809	-	-	22,809
Depreciation	135,464	791	-	136,255
Pass-through contracts	498,871	-	-	498,871
Interest	1,419	-	-	1,419
Other	114,674	224,617	-	339,291
	<u>\$ 7,250,747</u>	<u>\$ 954,763</u>	<u>\$ 2,786</u>	<u>\$ 8,208,296</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,379,145
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	136,255
Gain on asset dispositions	(7,660)
Changes in:	
Grants receivable	176,783
Unconditional promises to give	(25,000)
Other assets	9,378
Accounts payable	(239,272)
Accrued expenses	67,914
	<hr/>
Net cash provided by operating activities	<u>1,497,543</u>

CASH FLOW FROM INVESTING ACTIVITIES

Earnings reinvested in certificate of deposit	(293)
Purchase of equipment and construction costs	<u>(416,381)</u>
Net cash used in investing activities	<u>(416,674)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Principal payments on debt	<u>(3,630)</u>
Net cash used in financing activities	<u>(3,630)</u>
Net change in cash and cash equivalents	1,077,239
Cash and cash equivalents, beginning of year	<u>1,983,158</u>
Cash and cash equivalents, end of year	<u>\$ 3,060,397</u>
Cash and cash equivalents - unrestricted	\$ 784,553
Cash and cash equivalents - restricted	<u>2,275,844</u>
Total cash and cash equivalents	<u>\$ 3,060,397</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year:	
Interest	<u>\$ 1,419</u>

The accompanying notes are an integral part of this financial statement.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Nature of Activities

Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR or the Organization) is a non-profit corporation which was organized under the laws of the State of Louisiana on April 2, 1975, to promote organized charitable welfare and social service work for the moral betterment of all persons.

b. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

c. Promises to Give and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management feels that all promises to give are collectible, and as such, no allowance for doubtful accounts has been established.

d. Grants Receivable

Grants receivable represents amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible contracts receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for doubtful accounts has been established.

e. Unrestricted Net Assets

It is the recommendation of the Board of Directors and management of the Organization that four to six months operating expenses should be accumulated and maintained as unrestricted net assets in order to cover unreimbursed overhead expenses associated with grant awards and other contingencies, and due to the uncertainty and irregularity in the timing of grant receipts from its federal and state programs.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies (continued)

f. Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. Maintenance and repairs are charged to expense, while additions and improvements in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Furniture and equipment	3 - 10 Years
Shelters	20 - 25 Years

g. Donated Services

A significant portion of CCDBR's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the accompanying financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. See Note 5 regarding in-kind contributions.

h. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include any highly liquid investments with original maturities of three months or less.

i. Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates

k. Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 **Summary of Significant Accounting Policies** (continued)

k. **Income Taxes** (continued)

The Organization has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. The Organization recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before June 30, 2008.

2. **Grants Receivable**

The detail of grants receivable as of June 30, 2011, is as follows.

Match Grant	\$ 57,722
Deaf Services	21,450
Migration and Refugee Services Legal	33,774
Senior Employment Program	75,170
Disaster Response	101,500
Foster Grandparents	51,956
LACHip	2,633
Refugee Cash Assistance	158,233
Refugee Social Services	72,767
Case Management	6,682
United States Conference of Catholic Bishops	85,056
	<u>\$ 666,943</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3 Property, Furniture and Equipment

Property and equipment acquired by the Organization is considered to be owned by the Organization. However, the State of Louisiana maintains the title to the property and equipment purchased in whole or in part under contracts/grants funded by the State of Louisiana. The State has the right to require the transfer of the property and equipment (including title) to the State or to an eligible non-state party named by the State. Such transfer may occur at any time.

The composition of property, furniture and equipment at June 30, 2011 was as follows:

Land and shelters	\$ 2,025,770
Furniture and equipment	<u>467,483</u>
	2,493,253
Accumulated depreciation	<u>(595,225)</u>
	<u>\$ 1,898,028</u>

Depreciation expense totaled \$136,255 for the year ended June 30, 2011.

4. Due to United States Conference of Catholic Bishops

The Migration and Refugee Services Program established a revolving account with the United States Conference of Catholic Bishops (USCCB) for the purpose of resettling refugees. In accordance with the revolving account agreement, these funds are to be returned to the USCCB upon the termination of the program. As of June 30, 2011, the balance due to USCCB amounted to \$5,500.

5. In-Kind Contributions

The Foster Grandparents and Senior Employment Programs received in-kind contributions during the year from various donors for meals, space and volunteers without charge. For the year ended June 30, 2011, these contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$109,217.

6. Related Party

CCDBR has a relationship with the Catholic Diocese of Baton Rouge (DOBR) that includes participation in Diocesan benefit programs, and considerable savings on rent, insurance, telephone, and other equipment usage. For the year ended June 30, 2011, these in-kind contributions have been recorded as revenue with the offset being recorded as expenses in the amount of \$176,836.

Revenues include \$216,070 of funding from the DOBR to subsidize the Social Responsibility program as well as \$257,375 to subsidize the Maternity and Adoption program. The remaining \$271,649 was used to fund other programs within the organization. In addition, included in revenues are cash contributions from the DOBR resulting from the Bishop's Annual Appeal of approximately \$87,500. The DOBR provided additional funding during the fiscal year of \$150,054 to subsidize other administrative costs of the Organization.

Due to the nature of CCDBR's organization, the funding is expected to continue for the duration of these program operations of CCDBR.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Due to Catholic Diocese of Baton Rouge

The Catholic Diocese of Baton Rouge provided financing for CCDBR on August 3, 2005 to acquire a house used for shelter for clients in need. The loan amount was \$55,000 and is being repaid in 199 monthly installments. The interest rate on the note is 3.50% Interest expense incurred on this loan during the year ended June 30, 2011 was \$1,419 The following schedule shows the future payouts of the note:

For year ending June 30,

2012	\$ 3,630
2013	3,760
2014	3,893
2015	4,032
2016	4,175
Thereafter	<u>19,167</u>
	<u>\$ 38,657</u>

8. Note Payable – Office of Community Development

CCDBR received \$136,000 as part of a loan agreement with the Office of Community Development. These funds were to be used for the rehabilitation of buildings as part of the Families First Housing Program. This is a principal only loan with a term of 10 years The repayment terms of the note are being forgiven as long as CCDBR can establish proof of services paid for by using non-federal funds equal to or greater than the annual repayment amount.

9. Pension Plan

Effective June 30, 2009, employee benefits under the Catholic Diocese of Baton Rouge defined benefit pension plan (the Plan) were frozen and a defined contribution (401(k)) plan was started as of July 1, 2009. Employer contributions at the rate of 5% of eligible payroll are to be used to fund the obligations which are currently unfunded.

As noted above, the Diocese adopted a 401(k) Plan effective July 1, 2009 which covers all full time employees. Eligible employees are automatically enrolled after the first three months of employment but may choose to opt out of participation in the plan. The Diocese matches 100% of the first 2% of elective contributions not to exceed 2% of compensation and participants can elect to contribute between 4% and 98% of compensation. The plan offers both pre-tax and Roth options. For the year ended June 30, 2011, contributions of \$179,818 were made to the plan

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrences of other events specified by the donors to the following programs.

Senior Responsibility	\$ 78,169
Family Achievement Center	151,673
United States Conference of Catholic Bishops	11,700
Employment Services	114,500
Foster Grandparent	5,862
Maternity and Adoption	35,504
Refugee Cash Assistance State WF	11,700
Direct Assistance	23,318
Disaster Response	709,223
Mitigation and Refugee Services	11,700
Satellite Counseling Offices	24,070
Case Management	133,692
Behavioral Health	338,109
Match Grant	11,230
Deaf Services	60,676
Agency	<u>297,455</u>
	<u>\$ 2,018,581</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 were available for specific programs being conducted by the Organization as follows:

Behavioral Health	\$ 120,598
Match Grant	470
Refugee Social Services	11,700
Agency	254,457
Disaster Response and Recovery	<u>1,888,619</u>
	<u>\$ 2,275,844</u>

12. Disaster Response and Emergency Assistance

CCDBR received, from Catholic Charities USA, a \$15,000,000 grant award to be paid over a period of three years and to be used in response to the devastation of the 2005 hurricanes which impacted the CCDBR community and in accordance with the approved strategic plan. CCDBR received the third and final installment of \$3,000,000 during the year ended June 30, 2011.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Off-Balance Sheet Risk

CCDBR may, from time to time, have deposits in a financial institution in excess of federally insured limits. Management believes the credit risk associated with these deposits is minimal.

14. Promise to Give – United Way Funding

On May 10, 2011, the Capital Area United Way notified CCDBR of its current fiscal year allocation of \$335,000. This allocation is considered an unrestricted contribution and is recorded as an unconditional promise to give as of June 30, 2011.

15. Endowed Net Assets

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. The expenditure of funds from these endowments is limited to the income from the investment of principal. The funds are under the direction and control of the Executive Director of the Organization.

The Organization received a permanently restricted donation in the form of a certificate of deposit during 2006. This is the only permanently restricted asset of the Organization. As such, a formal policy for spending has not been established. Investment earnings are recorded in current year operations as increases in temporarily restricted net assets until these earnings receive appropriation for expenditure.

The net asset composition by type of fund was as follows as of June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment	\$ <u> -</u>	\$ <u> -</u>	\$ <u>53,655</u>	\$ <u>53,655</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

15. Endowed Net Assets (continued)

Changes in endowment net assets were as follows as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	\$ -	\$ -	\$ 53,655	\$ 53,655
Investment Return:				
Investment income	-	-	293	293
Net appreciation (depreciation)	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	(293)	(293)
Contributions	-	-	-	-
Endowment net assets, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,655</u>	<u>\$ 53,655</u>

16 Continuation of Program Services

As discussed in Note 12, the Organization has received significant funding from Catholic Charities USA in response to the devastation of the 2005 hurricanes which impacted the CCDBR community. The Organization received its final installment of the \$15,000,000 award during the year ended June 30, 2011. The loss of this funding raises concern about the Organization's ability to continue to fund the programs which began under this award. Management of the Organization has developed a plan to manage its cash flows through the reduction of program services available and acquiring new sources of support to include the following:

- Management will continue to apply for grants that support their mission.
- Management will continue to focus on fundraising efforts
- Management will review the programs and expenditures that began with these funds and through the budget process will reduce those expenditures by 50% from the prior year.

The Organization's ability to fund the continuance of these programs is dependent upon the success of these plans.

17 Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2011, and determined that there were no additional events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Non-cash Adjustments, Including Depreciation</u>	<u>Plant, Furniture & Equipment Purchases</u>	<u>Expenditures</u>
Senior Employment	\$ 1,449,945	\$ (2,306)	\$ -	\$ 1,447,639
Social Responsibility	253,176	(500)	1,500	254,176
Foster Grandparent Program Title II, Part B	357,430	(144)	-	357,286
United States Conference of Catholic Bishops	239,963	-	-	239,963
Match Grant	124,207	-	-	124,207
Counseling, Maternity & Adoption	476,503	(1,275)	-	475,228
Satellite Counseling Offices	118,076	-	-	118,076
Family Achievement Center	271,762	(6,680)	2,890	267,972
Employment Services	136,298	(167)	-	136,131
Case Management	591,202	-	-	591,202
Behavioral Health	338,109	-	-	338,109
Housing Program	179,194	(30,452)	300,865	449,607
LaPointe	74,159	-	-	74,159
SFL	64,105	(19,119)	48,844	93,830
Mission Development	11,669	-	-	11,669
Refugee Cash Assistance State WF	23,975	-	-	23,975
Deaf Services	60,676	-	-	60,676
La Chap	36,856	-	-	36,856
CCTP (ESBG & FEMA)	84,446	-	-	84,446
Joseph Homes (ESBG)	168,065	(7,783)	56,472	216,754
Direct Assistance	166,945	-	-	166,945
Disaster Response	1,181,461	(65,409)	2,404	1,118,456
Refugee Cash Assistance	642,761	-	-	642,761
Refugee Social Services	204,234	-	-	204,234
Migration and Refugee Services	164,158	(274)	2,006	165,890
Migration and Refugee Services Legal	219,517	(1,355)	-	218,162
Agency	152,185	(379)	1,400	153,206
Other Program Services	417,219	(412)	-	416,807
	<u>\$ 8,208,296</u>	<u>\$ (136,255)</u>	<u>\$ 416,381</u>	<u>\$ 8,488,422</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Catholic Charities of the Diocese
of Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Catholic Charities of the Diocese of Baton Rouge's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities of the Diocese of Baton Rouge's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a control deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain other matters that we reported to the management of Catholic Charities of the Diocese of Baton Rouge, Inc. in a separate letter dated December 23, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities of the Diocese of Baton Rouge's Inc. financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 23, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Catholic Charities of the Diocese
of Baton Rouge, Inc
Baton Rouge, Louisiana

Compliance

We have audited the compliance of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR) (a non-profit organization) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. CCDBR's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CCDBR's management. Our responsibility is to express an opinion on CCDBR's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCDBR's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CCDBR's compliance with those requirements.

In our opinion, CCDBR complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of CCDBR is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CCDBR's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCDBR's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-1 to be a significant deficiency

CCDBR's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit CCDBR's responses and, accordingly, we express no opinion on the response.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information of the board of directors, management, federal awarding agencies, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 23, 2011

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANTING AGENCY/RECIPIENT AGENCY/ GRANT NAME/GRANT NUMBER</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
U. S. Department of Labor: Pass through from the State of Louisiana – Office of the Governor – Office of Elderly Affairs S C.S.E P - Title V (CFMS#692949)	17.235	<u>\$ 1,240,239</u>
Department of Health and Human Services: Pass through from the Administration for Children and Families, Office of Refugee Resettlement: Refugee Social Services Program and Refugee Cash Assistance	93 566	870,970
Pass through from the United States Conference of Catholic Bishops: Refugee and Entrant Assistance Discretionary (Match) Grant	93.576	<u>97,202</u>
Total Department of Health and Human Services		<u>968,172</u>
Department of Housing and Urban Development Emergency Shelter Block Grant	14.231	19,450
Pass through from the City of Baton Rouge – Parish of East Baton Rouge, Office of Community Development: Homeless Prevention and Rapid Re-housing – ARRA (Grant# 08012009/07312012)	14 262	303,080
Pass through from the Louisiana Department of Social Services, Office of Community Services, City of Baton Rouge - Parish of East Baton Rouge, Office of Community Development: Homeless Prevention and Rapid Re-housing - ARRA (Grant# 10012009/09302011)	14.262	<u>72,540</u>
Subtotal Homeless Prevention and Rapid Re-housing		<u>375,620</u>
Total Department of Housing and Urban Development		<u>395,070</u>
Department of State: Pass through from the United States Conference of Catholic Bishops: U S Refugee Admissions Program	19 510	137,085
Corporation for National and Community Service. Foster Grandparent Program, Title II, Part B (Grant# 08SFWLA003)	94 011	346,502
Federal Emergency Management Agency. Emergency Assistance Program	97 024	<u>4,771</u>
Total Federal Expenditures		<u>\$ 3,091,839</u>

See accompanying notes to schedule of expenditures of federal awards

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal financial awards includes the federal grant activity of Catholic Charities of the Diocese of Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES

	<u>Expenses</u>	<u>Non-Federal Award Expenditures</u>	<u>Non-cash Adjustments, Including Depreciation</u>	<u>Equipment Purchases</u>	<u>Expenditures</u>
Senior Employment	1,449,945	(207,400)	(2,306)	-	1,240,239
Social Responsibility	253,176	(254,176)	(500)	1,500	-
Foster Grandparent Program Title II, Part B	357,430	(10,784)	(144)	-	346,502
United States Conference of Catholic Bishops	239,963	(102,878)	-	-	137,085
Match Grant	124,207	(27,005)	-	-	97,202
Counseling, Maternity & Adoption	476,503	(475,228)	(1,275)	-	-
Satellite Counseling Offices	118,076	(118,076)	-	-	-
Family Achievement Center	271,762	(267,972)	(6,680)	2,890	-
Employment Services	136,298	(136,131)	(167)	-	-
Case Management	591,202	(215,582)	-	-	375,620
Behavioral Health	338,109	(338,109)	-	-	-
Housing Program	179,194	(449,607)	(30,452)	300,865	-
LaPointe	74,159	(74,159)	-	-	-
SFL	64,105	(93,830)	(19,119)	48,844	-
Mission Development	11,669	(11,669)	-	-	-
Refugee Cash Assistance WF	23,975	-	-	-	23,975
Deaf Services	60,676	(60,676)	-	-	-
LAChip	36,856	(36,856)	-	-	-
CCTP (ESBG & FEMA)	84,446	(64,996)	-	-	19,450
Joseph Homes (ESBG)	168,065	(216,754)	(7,783)	56,472	-
Direct Assistance	166,945	(162,174)	-	-	4,771
Disaster Response	971,989	(908,984)	(65,409)	2,404	-
Refugee Cash Assistance	642,761	-	-	-	642,761
Refugee Social Services	204,234	-	-	-	204,234
Migration and Refugee Services	164,158	(165,890)	(274)	2,006	-
Migration and Refugee Services Legal	219,517	(218,162)	(1,355)	-	-
Agency	152,185	(153,206)	(379)	1,400	-
Other Program Services	626,691	(626,279)	(412)	-	-
	<u>\$ 8,208,296</u>	<u>\$ (5,396,583)</u>	<u>\$ (136,255)</u>	<u>\$ 416,381</u>	<u>\$ 3,091,839</u>

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued. Unqualified

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency (ies) identified that is (are) not considered to be material weaknesses? x yes _____ none reported

Type of auditors' report issued on compliance for major programs. Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

17 235

Senior Community Service Employment Program (SCSEP)

14 262

Homeless Prevention and Rapid Re-Housing Program (HPRP) - ARRA

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- Catholic Charities of the Diocese of Baton Rouge, Inc. was not determined to be a low-risk auditee

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

B. Findings – Financial Statement Audit

None noted

C. Findings and Questioned Costs – Major Federal Award Programs

17.235 Senior Community Service Employment Program (SCSEP)

2011-1 Procurement, Suspension and Debarment

Criteria: Organizations are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred with the federal government. Covered transactions include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000.

Condition: The Organization must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300). However, the Organization did not verify whether host agencies were suspended or debarred for 2 of the 51 participant files selected for testing. It was noted that those host agencies selected during our testing were not suspended or debarred. *This is a repeat finding from the prior year.*

Cause: The Organization inadvertently overlooked checking the EPLS website to determine if its host agencies had been suspended or debarred.

Questioned Costs. Not applicable

Effect: Without verification of whether host agencies are suspended or debarred the Organization may inadvertently contract with a suspended or debarred entity which could result in the Organization being responsible for refunding any funds paid to those agencies.

Recommendation:
A procedure should be developed to ensure that all host agencies are checked with the EPLS website as part of the application process.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

17.235 Senior Community Service Employment Program (SCSEP)

2011-1 Procurement, Suspension and Debarment

View of Responsible Official and Planned Corrective Action:

This recommendation was originally made during the 2010 audit. At that time, a procedure was adopted wherein every existing host agency would be re-screened each program year and every new host agency would be screened before an assignment could be made. In the first year almost every host agency was checked. Regrettably, 2 agencies — both membership organizations of which Catholic Charities is a member — were inexplicably overlooked or the documentation was misplaced. Several procedural changes have been adopted to prevent a reoccurrence. First, we have changed the filing system for Host Agency files. The files had been alphabetical, by parish, for all current and approved host agencies. The number of approved agencies has become quite large which heightens the risk of overlooking or misfiling documents. We are currently rearranging the host agency files so that only those host agencies that were active during the year are filed together. Second, in the future the Host Agency Directory will be amended to include the date of EPLS check. The Program Director will refer to this directory during the review of each enrollment. If an EPLS check is missing, the enrollment will be delayed until the check is completed.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Findings and Questioned Costs – Major Federal Award Programs

17.235 Senior Community Service Employment Program (SCSEP)

2010-1 Activities Allowed

Criteria: Under the terms of the contractual agreement with the State of Louisiana, Office of the Governor, Office of Elderly Affairs (OEA) sub-grantees are responsible for performing work site visits with the host agency on each participant in the Senior Community Service Employment Program during the service period.

Condition In the testing performed, 6 out of a sample of 51 participants, lacked documentation of a work site visit having been performed.

Cause: The employment counselor did not have access to the participant files.

Questioned Costs Not applicable

Effect: The Organization is not in compliance with the terms of its agreement with the OEA. Noncompliance with contract terms may result in reduced funding to the Organization.

Recommendation(s):
We recommend all host agencies visits be documented by the employment counselor and either faxed or emailed to the program administrator for placement in the participants' file to comply with the contractual terms of the agreement with the OEA

Updated Status: Resolved.

2010-2 Procurement, Suspension and Debarment

Criteria: Organizations are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred with the federal government. Covered transactions include those procurement contracts for goods and services awarded under a non-procurement transaction (e g., grant or cooperative agreement) that are expected to equal or exceed \$25,000.

Condition: The Organization must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180 300) However, the Organization did not verify whether host agencies were suspended or debarred. It was noted that those host agencies selected during our testing were not suspended or debarred.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Findings and Questioned Costs – Major Federal Award Programs (continued)

17.235 Senior Community Service Employment Program (SCSEP) (continued)

2010-2 Procurement, Suspension and Debarment (continued)

Cause. The Organization inadvertently overlooked, including the appropriate language in its applications with respect to suspension and debarment of its host agencies.

Questioned Costs: Not applicable

Effect: Without verification of whether host agencies are suspended or debarred the Organization may inadvertently contract with a suspended or debarred entity which could result in the Organization being responsible for refunding any funds paid to those agencies.

Recommendation:

A procedure should be developed to ensure that all host agencies are checked with the EPLS website as part of the application process

Updated Status: Not resolved. This is a repeat finding in the current year. See item 2011-1 in the schedule of findings and questioned costs.

CATHOLIC CHARITIES OF THE DIOCESE OF BATON ROUGE, INC.

REPORT TO MANAGEMENT

JUNE 30, 2011

Board of Directors
Catholic Charities of the Diocese of Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc. (CCDBR), for the year ended June 30, 2011 and have issued our report thereon. As part of our examination, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his audit of the financial statements.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

In planning and performing our audit of the financial statements of CCDBR, for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered CCDBR's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCDBR's internal control.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are set forth below. We previously reported on CCDBR's internal control over financial reporting in our report dated December 23, 2011. This letter does not affect our reports dated December 23, 2011, on the financial statements of Catholic Charities of the Diocese of Baton Rouge, Inc.'s or its internal control over financial reporting.

2011-1) Reconciling Fixed Assets to the General Ledger

A manual detailed listing of fixed assets is maintained and prepared by the accounting department. This detailed listing is used to track all capitalized assets and to calculate depreciation for the fiscal year. We noted that a reconciliation of this listing to the general ledger is not being performed on a regular basis. To ensure the accuracy of the detailed fixed asset listing, we recommend that the listing be reconciled to the general ledger on a timely basis and at least quarterly. This is a repeat finding from the prior year.

Management's Response and Corrective Action:

In FY '10-'11 several fixed assets were transferred among departments to make sure the properties were properly accounted for and their upkeep expensed properly. These transfers were noted in the manual fixed asset listing and not reconciled with the general ledger. All of the corrections have been made and given to PN. We will reconcile the detailed spreadsheets to the general ledger at least quarterly.

2011-2) Grants Receivable Listing

A detailed listing summarizing the amounts due from granting agencies including the date invoiced, date and amount collected, and balance remaining by program and in total should be maintained on a monthly basis. In addition, if amounts received are different from the amounts expected to be collected, management should investigate these differences to ensure costs submitted were allowable and to determine if errors may have been made by the granting agency in the processing of their request.

Management's Response and Corrective Action.

CCDBR does maintain details of all receivables from granting agencies, however these receivables are not consolidated into one list. All grant billings are maintained under that specific grant for reference, and program directors are routinely notified when reimbursements are delinquent. Also, when amounts received do not match those billed, program directors are aware, they inquire as to the reasons and resubmit if necessary. However, we agree that a single listing of receivables could help management have a better understanding of the overall impact of receivables on the agency, and help manage the process by creating a more visible and robust process of pursuing receivables.

2011-3) Reconciling Net Assets

While performing our audit procedures over net assets we noted that the general ledger account balance did not agree to the prior year audited balance. Annually the account balance should be reconciled to the prior year audited statements to ensure all adjusting journal entries for the prior year have been posted.

Management's Response and Corrective Action.

Audit adjustments proposed by PN and given to CCDBR for '09-'10 fiscal year end were entered but not posted for the beginning balance of '10-'11. We will make sure all journal entries are posted to the proper year and the carried forward balance is reconciled. Additionally, we will make all adjustments we feel are warranted prior to submission of audit records and make further adjustments if PN finds reason rather than wait for PN's audit before making adjustments.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations

We appreciate the cooperation received from CCDBR personnel during the audit process. This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 23, 2011